

## Message Text

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ACTION TRSE-00

INFO OCT-01 EA-11 ISO-00 NEA-10 IO-14 H-03 L-03 PRS-01

PA-04 USIA-15 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 SS-20 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

DRC-01 /179 W

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USADB

TREASURY FOR FINKEL

E.O. 11652: ADS, DECLAS 6/30/74

TAGS: EAID, EFIN

SUBJECT: ADB 1974 ADMINISTRATIVE BUDGET

SUMMARY: PROPOSED 1974 ADMINISTRATIVE BUDGET  
POUCHED NAC AGENCIES NOV 6. TOTAL 1974 ADMINISTRATIVE BUDGET  
PROPOSAL OF \$13.47 MILLION REPRESENTS 17.8 PERCENT INCREASE  
OVER REVISED BUDGET ESTIMATE FOR 1973, WHICH INCORPORATES  
SUPPLEMENTARY MEASURES APPROVED NOV. 8 BY BOARD. INCREASE  
IN BUDGET AMOUNT EXPLAINED BASICALLY BY (A) IMPACT OF SALARY  
INCREASES FOR BOTH PROFESSIONAL AND NON-PROFESSIONAL STAFF  
APPROVED IN 1973, (B) PROPOSED ADDITION OF 20 PROFESSIONAL  
STAFF MEMBERS IN 1974 IN LIGHT OF OBVIOUS NEED FOR STAFF  
REFLECTED IN UNEXPECTEDLY HIGH USE OF CONSULTANTS DURING 1973,  
AND (C) GENERAL INCREASE IN AIR FARES, FREIGHT RATES, ETC.  
WHICH HAS MATERIAL BEARING ON ADB ADMINISTRATIVE COSTS. USADB  
GENERALLY PLEASED WITH PROPOSED BUDGET AND FINDS THAT  
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MANY CONSIDERATIONS RAISED BY USG IN LAST YEAR'S BUDGET

DISCUSSION INCORPORATED IN CURRENT BUDGET. END SUMMARY.

1. PROPOSED 1974 ADMINISTRATIVE BUDGET PLACES OBVIOUS EMPHASIS ON EXPENDITURE RESTRAINT AND INCREASE IN EFFICIENCY OF MANPOWER RESOURCES. FOR EXAMPLE, (A) MANAGEMENT PROPOSES TO MORE EFFICIENTLY UTILIZE NON-PROFESSIONAL STAFF IN VIEW OF CONCERN THAT RATIO OF PROFESSIONAL TO SECRETARIAL STAFF COMPARES UNFAVORABLY WITH OTHER IFIS; CONSEQUENTLY, NO NET ADDITIONS TO NON-PROFESSIONAL STAFF IN 1974 PROPOSED; (B) NO BUDGETED INCREASES FOR LEGAL STAFF; (C) CONSIDERABLE EMPHASIS ON PROGRAMMING ADB MISSIONS AND TRAVEL EXPENDITURES, SUCH THAT OPTIMAL EFFICIENCY WILL BE ACHIEVED; (D) CONSIDERABLE ATTENTION GIVEN TO REDUCTION IN USE OF CABLES, REFLECTING A GENERAL TIGHTENING OF BANK PRACTICES; (E) REPRESENTATION REMAINS AT \$50 THOUSAND AND EFFICIENCY INDICATORS LISTED SHOW GENERAL INCREASE IN BANK EFFICIENCY IN ITS 1973 OPERATIONS; AND (F) DOCUMENT QUESTIONS USEFULNESS OF STATIONING RESIDENT REPRESENTATIVES IN BORROWING MEMBER COUNTRIES WHILE HOLDING OPEN POSSIBILITY THAT SUCH REPRESENTATIVES MAY BE NECESSARY IF AND WHEN RECONSTRUCTION EFFORTS IN INDOCHINA MATERIALIZE IN MAJOR WAY. DOCUMENT SPECIFICALLY OPPOSES ESTABLISHING FURTHER RESIDENT OFFICES IN BANK DEVELOPED COUNTRIES.

2. BANK DOES PROJECT TWENTY EMPLOYEES INCREASE IN PROFESSIONAL STAFF. INADEQUACY IN PROFESSIONAL STAFF HIGHLIGHTED DURING 1973 IN WHICH BANK COMPELLED TO INCREASE EXPENDITURES FOR INDIVIDUAL CONSULTANTS TO SUPPLEMENT BANK STAFF IN DAY-TO-DAY OPERATIONS. OF TWENTY NET INCREASE IN PROFESSIONAL STAFF, FIFTEEN POSITIONS ALLOCATED TO PROJECTS DEPARTMENT WITH REMAINDER SLOTTED FOR OPERATIONS DEPARTMENT. IN ADDITION TO FIVE NEW EMPLOYEES TO BE RECRUITED FOR OPERATIONS DEPARTMENT, TWO PROFESSIONAL STAFF MEMBERS WILL BE TRANSFERRED FROM ECONOMIC OFFICE AND ONE FROM THE OFFICE OF THE PRESIDENT TO OPERATIONS, INCREASING NUMBER OF PROFESSIONALS IN THAT DEPT BY EIGHT.

3. BUDGET INCLUDES PROVISION FOR POSSIBLE MODIFICATIONS IN STAFF RETIREMENT PROGRAM EVEN THOUGH PROPOSALS HAVE NOT YET BEEN BROUGHT TO BOARD FOR CONSIDERATION AND APPROVAL. PROPOSALS WILL PRESUMABLY FOCUS ON RETIREMENT BENEFITS FOR WIDOWS AND CURRENCY IN WHICH BENEFITS MAY BE RECEIVED. NO INTENTION AT THIS TIME TO RAISE QUESTION OF COST OF LIVING ADJUSTMENTS AS PART OF RETIREMENT LIMITED OFFICIAL USE

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BENEFITS ADJUSTMENTS.

4. BUDGET DOCUMENT INCLUDES PROVISION FOR ANNUAL SALARY REVIEW ON THE BASIS OF COST OF LIVING CONSIDERATIONS AS WELL AS ANNUAL MERIT INCREASES FOR BOTH PROFESSIONAL AND NON-PROFESSIONAL STAFF. LATTER INCREASES LIMITED TO 4 PERCENT OF STAFF SALARIES.

5. MANY ATTRACTIVE GENERAL FEATURES OF BUDGET PROPOSALS.

SPECIFICALLY THREE-YEAR PROJECTIONS OF BANK OPERATIONS, EXPENDITURES, AND STAFFING NEEDS INCORPORATED IN BUDGET PRESENTATION WHICH IS VERY HELPFUL IN DETERMINING DIRECTION OF FUTURE BANK OPERATIONS. DOCUMENT CAREFUL TO NOTE THAT PROJECTIONS ARE PRECISELY THAT AND NOT BE CONSIDERED TARGETS, POINT WELL WORTH EMPHASIZING SINCE TARGETING PER SE CAN HAVE ADVERSE IMPACT ON QUALITY OF BANK PROJECTS. IN ADDITION, ATTENTION GIVEN TO MODIFIED FUNCTIONS OF ECONOMIC OFFICE EMPHASIZING ROLE TO BE PLAYED BY THAT OFFICE IN POST-EVALUATIONS STUDIES. FINALLY, DOCUMENT RECOGNIZES NEED TO STRENGTHEN LOAN ADMINISTRATION FUNCTION IN VIEW OF BUILD-UP IN NUMBER OF ONGOING PROJECTS.

6. USADB GENERALLY SATISFIED WITH BUDGET PROPOSAL, PARTICULARLY INTRODUCTION OF THREE-YEAR PROJECTION AND CAVEAT RE TARTGETING, MAINTENANCE OF REPRESENTATIONAL ALLOWANCE AT \$50 THOUSAND, GENERAL CONCERN WITH INTERNAL ADMINISTRATIVE EXPENSES AND ATTEMPT TO INCREASE EFFICIENCY OF NON-PROFESSIONAL STAFF. PARTICULARLY HAPPY WITH EMPHASIS ON STRENGTHENING LOAN ADMINISTRATION.

7. USADB INTENDS TO ELABORATE AT BUDGET DISCUSSIONS USG VIEWS REGARDING POST-EVALUATION PRESENTATION AND MANNER IN WHICH FUNCTION SHOULD BE EXECUTED. IN ADDITION, USADB FEELS IT APPROPRIATE TO RAISE QUESTION OF BANK ORGANIZATION AND REEMPHASIZE THAT BANK MANAGEMENT UTILIZE SERVICES OF INDEPENDENT PARTY TO THOROUGHLY REVIEW BANK STRUCTURE AND ORGANIZATION. BELIEVE THIS POINT EXTREMELY IMPORTANT, ESPECIALLY IF REORGANIZATION WOULD RESULT IN INCREASED LEVEL OF U.S. INFLUENCE IN BANK STAFFING PATTERNS AND OPERATIONS. APPARENT TO USADB THAT U.S. INFLUENCE IN BANK NOT ADEQUATE OR ACCEPTABLE, CERTAINLY IF AND WHEN U.S. REESTABLISHES PARITY WITH JAPAN.

8. WOULD APPRECIATE FURTHER RESPONSE ONCE DOCUMENT RECEIVED LIMITED OFFICIAL USE

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SUCH THAT ANY CONCERNS ABOUT SPECIFIC ITEMS CAN BE RESOLVED PRIOR TO BOARD MEETING SCHEDULED FOR NOV. 27.  
SULLIVAN

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## Message Attributes

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**Disposition Case Number:** n/a  
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**Disposition Date:** 28 MAY 2004  
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**TAGS:** EAID, EFIN, RP, US, ADB  
**To:** STATE  
**Type:** TE  
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